

CHAPTER 6 — CONTRIBUTION RATES

600	Introduction
601	Employer Contribution Rates
602	Employee Required Contribution Rates
603	Benefit Adjustment Contribution

600 Introduction

The ETF Board approves contribution rates for WRS each year. The rates are based on recommendations of the consulting actuary for the benefit levels in effect.

Each contribution category is valued separately. Contribution rate changes, whether up or down, are considered to be normal for systems that prefund retirement benefits.

Under Wis. Stat. § 40.05, WRS contribution rate changes are split evenly between the employer and employee.

601 Employer Contribution Rates

The employer contribution rates for each of the above categories are made up of the following parts:

A. Current Service Costs

The 1999 current service employer contribution rate for each of the employment categories is the same for all employers. The rates are:

4.4% - General employes

9.8% - Judges, elected officials and state executive retirement positions designated in Wis. Stat. § 20.923 (4), (8) or (9)

8.0% - Protective with Social Security

12.8% - Protective without Social Security

4.4% - Teachers

4.4 % - Educational Support Personnel

Current service contribution rates are set annually based on an actuarial valuation.

B. Rates for Prior Service Cost - Amortization of Unfunded Accrued Actuarial liability

Unfunded Accrued Actuarial liability prior service contribution rates are set individually for each participating employer based on the employer's outstanding unfunded liability balance. The liability is amortized over 40 years beginning January 1, 1986 or the employer's participation effective date, whichever is later.

C. Duty Disability Costs

The contribution rate is applicable to protective employment category employees as defined in Wis. Stat. § 40.02 (48) (c).

Duty Disability contribution rates are individually experience-rated for each participating employer. This means that the contribution rate paid by an employer is directly related to the number and amounts of claims filed by that employer's participants. For 1999 the rates will be based on the following:

1.8%	Groups with claims payout of less than or equal to 0.5% of payroll.
2.3%	Groups with one claim in which the payout exceeds 0.5% of payroll, and groups with two or more claims in which the payout is more than 0.5%, but less than 1.0% of payroll.
3.4%	Groups with two or more claims in which the payout is more than 1.0%, but less than 2.0% of payroll.
5.1%	Groups with two or more claims in which the payout is more than 2.0%, but less than 3.0% of payroll.
6.2%	Groups with two or more claims in which the payout exceeds 3.0% of payroll.
Over 6.2%	Groups with two or more claims in which new claims added in 1993, 1994 and later make payout exceed 6.2% of payroll. Rate will be 6.2% plus one-half of new claims over 6.2%.

NOTE: The definition of protective occupation participants, for this purpose only, is broader than for other benefit purposes in that any state employee whose duties involve supervision or discipline of inmates at a state penal institution is included in the duty disability provision.

D. Sick Leave Conversion Costs (State Agencies Only)

These contributions pay for the conversion of unused sick leave to health insurance premiums for retired state employees. The rate for 1999 will be 1.8%. This rate will be adjusted annually based on an actuarial valuation. Annual increases cannot exceed .2%.

602 Employee Required Contribution Rates

The Employee Required Contribution rates are established in Wis. Stat. § 40.05 (1). The employer may pay all or a portion of the employee required contribution. The current 1999 statutory rates are:

- 5% - General employees
- 4.3% - Judges, elected officials and state executive retirement positions designated in Wis. Stat. § 20.923 (4), (8) or (9)
- 4.9% - Protective with Social Security
- 5.4% - Protective without Social Security
- 5% - Teachers
- 5% - Educational Support Personnel

603 Benefit Adjustment Contribution

The Benefit Adjustment Contribution was enacted by legislation to fund improved retirement benefits for career public employees in the WRS. It is to be paid by employees unless the employer agrees to pay all or a portion of the contribution. The Benefit Adjustment Contribution rates for 1999 are as follows:

- 0.8% - General employees
- 0.8% - Teachers
- 0.8% - Educational Support Personnel

The Benefit Adjustment Contribution is not credited to the employee's WRS account but is used to fund overall system benefit liabilities.